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Approved For Release 2004/10/28 : CIA-RDP81M00980R000800040076-7

OGC 78-1433
8 March 1978

MEMORANDUM FOR: Director of Central Intelligence

THROUGH: Deputy Director of Central Intelligence

FROM: Anthony A. Lapham
General Counsel

SUBJECT: Ltr to the Honorable Zbigniew Brzezinski, Asst.
to the President for National Security Affairs,
Regarding Implementation of the Foreign Corrupt
Practices Act of 1977

Executive Registry

78-8541

77-0937

PRO-LEG

1. Action Requested. Your signature on the attached letter to Dr. Brzezinski advising him of certain requirements imposed on the White House by the Foreign Corrupt Practices Act of 1977.

2. Background. On 20 December 1977 the President signed into law the Foreign Corrupt Practices Act of 1977 (P.L. 95-213). In relevant part, the statute requires all U.S. publicly held corporations (i.e., those registered with the Securities & Exchange Commission) to "make and keep books, records, and accounts, which in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets" of the corporation. In simple terms, the Act forbids a corporation from having its internal corporate records contain any substantively false or misleading entries. In order to maintain the confidentiality of the various types of ongoing classified relationships which CIA has with U.S. publicly held corporations, Congress, at the urging of OGC and OLC, adopted an amendment to the statute which essentially exempts a corporation from the Act's disclosure requirements with respect to specific matters concerning the national security when directed to do so in writing by the head of a Federal agency responsible for such matters. However, Congress attached two conditions to an agency's ability to issue such specific directives: a) Prior to the beginning of the issuance process, there must be a Presidential approval of the various categories of directives which will be subsequently issued; and b) On 1 October of each year, the two Congressional Intelligence Oversight Committees must be given a summary of the matters covered by any directives in force during the previous year. Accordingly, in order to comply with the Act's provisions, CIA must first compile and submit for White House approval a list of the types of CIA/publicly held corporation relationships which will be covered by specific directives in the future.

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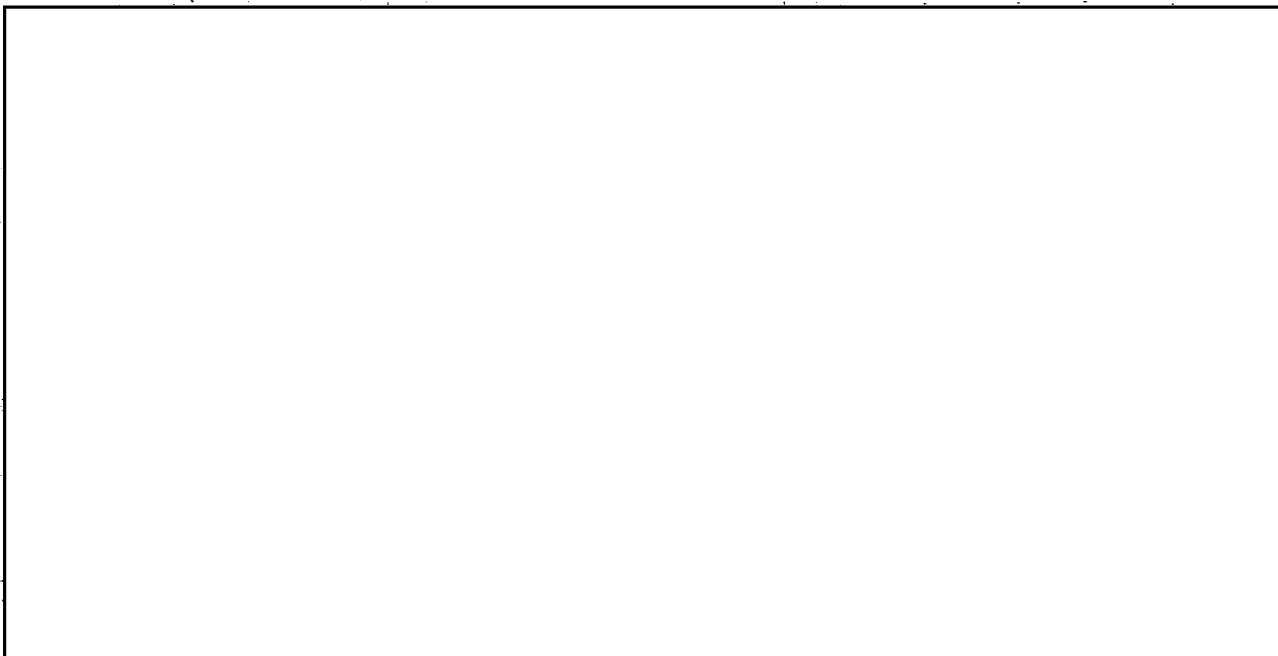
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4. Staff Position. All interested Agency components have reviewed and concurred in the proposed submission.

5. Recommendation. That you sign the attached letter to Dr. Brzezinski.



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Anthony A. Lapham

Att.

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Washington, D.C. 20505

Executive Registry

28-8541/1

The Honorable Zbigniew Brzezinski
Assistant to the President
for National Security Affairs
The White House
Washington, D.C.

13 MAR 1978

Dear Zbig:

On 19 December 1977 the President signed into law the Foreign Corrupt Practices Act of 1977 (P.L. 95-213). Copies of relevant portions of the Act along with its legislative history are enclosed for your reference. You will note that, in pertinent part, section 102 of the statute requires all U.S. publicly held corporations (i.e., those registered with the Securities & Exchange Commission) to "make and keep books, records, and accounts, which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets" of the corporation. In simple terms, a corporation is forbidden from having its internal corporate records contain any substantively false or misleading entries. In order to maintain the confidentiality of the various types of ongoing classified relationships which CIA has with U.S. publicly held corporations, Congress, at the Agency's urging, adopted an amendment to section 102 which essentially exempts a corporation in a given instance from the Act's disclosure requirements with respect to specific matters concerning national security when directed to do so in writing on a yearly basis by the head of a Federal agency responsible for such matters. However, Congress attached two conditions to an agency's ability to issue such specific directives: a) The directives must be issued "pursuant to Presidential authority;" and b) On 1 October of each year, the House and Senate Select Committees on Intelligence must be given a summary of the matters covered by any directives in force during the previous year. By inserting the phrase "Presidential authority," it was Congress' intent to require the White House, prior to the beginning of the issuance process, to be apprised of and independently authorize the establishment of the various categories of directives which will be subsequently issued by the agency.

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Thank you for your consideration and assistance. Any questions regarding this matter should be referred to my General Counsel, Anthony Lapham. I have asked Mr. Lapham to provide copies of this correspondence to the Office of Legal Counsel, Department of Justice.

Yours sincerely,

s/ Stansfield Turner

STANSFIELD TURNER

Enclosures

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Pursuant to the requirements of section 102 of the Foreign Corrupt Practices Act of 1977 (P.L. 95-213, December 19, 1977), I hereby authorize the issuance of specific, written directives by the Central Intelligence Agency to protect the confidentiality of the six (6) categories of lawful activities concerning the national security as set forth in a letter dated _____, 1978 from the Director of Central Intelligence to the Honorable Zbigniew Brzezinski, Assistant to the President for National Security Affairs.

Date

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